

M e m o r a n d u m

Date: October 13, 2010

To: Office of the Commissioner

Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of Inspector General

File No.: 010.11731.A13471

Subject: FINAL 2009 COMMAND AUDIT REPORT OF THE ALTADENA AREA

In accordance with the *International Standards for the Professional Practice of Internal Auditing* §2440, issued by the Institute of Internal Auditors, Government Code §13887(a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2009 Command Audit Report of the Altadena Area. The audit focused on the Driving Under the Influence and Asset Forfeiture Programs of the command.

The audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. The Altadena Area agreed with all of the findings and plans to take corrective action to improve operations.

The Altadena Area will be required to provide a 30 day, 60 day, six month, and one year response on its corrective action plan implementation. If identified issues are resolved and addressed during any phase of the above reporting period, no future action is required on their behalf. The Office of Inspector General (OIG) anticipates conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887(a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Assistant Commissioner, Field; OIG; Office of Legal Affairs; Southern Division; and the Altadena Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq.

Safety, Service, and Security

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In accordance with the Governor's Executive Order S-20-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the internet website of the CHP, and on the Office of the Governor's webpage, located on the state government website. The OIG would like to thank management and staff of the Altadena Area for their cooperation during the audit.

If you have any questions, or are in need of additional information, please contact me or our Senior Management Auditor, Mr. Roger Ikemoto at (916) 843-3160.



R. J. JONES, Captain
Interim Inspector General

cc: Assistant Commissioner, Field
Southern Division
Altadena Area
Office of Legal Affairs
Office of Inspector General, Audits Unit

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF
ALTADENA AREA**



FINAL REPORT

OCTOBER 13, 2010

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

COMMAND AUDIT OF ALTADENA AREA

OFFICE OF INSPECTOR GENERAL, AUDITS UNIT

OCTOBER 13, 2010

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol (CHP) 2009 Audit Plan, the Office of the Commissioner directed the Office of Inspector General, Audits Unit, to perform an audit of the Altadena Area.

The 2008-2010 Strategic Plan of the CHP highlights the mission statement which includes five broad strategic goals designed to guide the direction of the CHP. One strategic goal is to continuously look for ways to improve the efficiency of departmental operations.

The objective of the audit was to determine if the command complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs. Additionally, this audit provided managers with reasonable, but not absolute, assurance that departmental operations are being properly executed. The audit period was from January 1, 2008 through April 10, 2009. However, to provide a current evaluation of the command, primary testing was performed on business conducted during the period September 1, 2008 through February 28, 2009. The audit included a review of existing policies and procedures, as well as examining and testing recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from April 13 - 17, 2009.

Sample selection for this audit was primarily random. However, if a judgmental sample was necessary, the auditor selected accordingly. Whenever possible the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

Based on the review of operations in the Altadena Area, this audit revealed the Area has complied with most operational policies. However, some issues were observed. The following is a summary of the identified issues:

Asset Forfeiture (AF) Program

- The command did not perform annual AF training.
- The command did not appoint a uniformed supervisor as the AF Coordinator of the command.

Driving Under the Influence (DUI) Cost Recovery Program

- The billable hours recorded on the CHP 735, Incident Response Reimbursement Statement, form did not always reconcile to the hours recorded on the CHP 415, Daily Field Record, forms.
- The command did not always prepare CHP 415 forms properly for the DUI Cost Recovery Program.
- The command did not always accurately complete DUI Cost Recovery Program documents.
- The command did not always forward CHP 735 forms to Fiscal Management Section (FMS) in a timely manner.

- The command did not reconcile the quarterly DUI Cost Recovery report received from FMS to their CHP 735 forms.

Please refer to the Findings and Recommendations section for detailed information.

AUDIT REPORT

INTRODUCTION

To ensure the California Highway Patrol (CHP) operation is efficient and effective, and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspector General, Audits Unit, to perform an audit of the Altadena Area.

The 2008-2010 Strategic Plan of the CHP highlights the mission statement which includes five broad strategic goals designed to guide the direction of the CHP. One strategic goal is to continuously look for ways to improve the efficiency of departmental operations. This audit will assist the CHP in meeting this goal.

OBJECTIVE AND SCOPE

The objective of the audit was to determine if the command complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture (AF) Programs that provided managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was January 1, 2008, through April 10, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period of September 1, 2008 through February 28, 2009. This audit included the review of existing policies and procedures, as well as examining and testing recorded transactions to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from April 13 - 17, 2009.

METHODOLOGY

Under the direction of the Office of Commissioner, each command was randomly selected to be audited in the areas of DUI Cost Recovery and AF Programs. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

There were no prior audit reports or findings for this command.

OVERVIEW

AF Program: The command complied with most state laws and departmental policies and has adequate internal controls in place for their AF Program. However, the command did not perform annual AF training and did not appoint a uniformed supervisor as the AF Coordinator of the command.

DUI Cost Recovery Program: The command complied with most state laws and departmental policies and has adequate internal controls in place for their DUI Cost Recovery Program. However, the command did not always: reconcile billable hours recorded on the CHP 735, Incident Response Reimbursement Statement, forms to the hours recorded on the CHP 415,

Daily Field Record, forms; prepare CHP 415 forms properly; accurately complete DUI Cost Recovery Program documents; forward CHP 735 forms to Fiscal Management Section (FMS) in a timely manner; and reconcile the quarterly DUI Cost Recovery report received from FMS to their CHP 735 forms.

This audit revealed the command has adequate operations, nevertheless issues were discovered, which if left unchecked, could have a negative impact on the command and CHP operations. These issues should be addressed by management to maintain compliance with appropriate laws, regulations, policies, and procedures. The issues and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations that may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; however, an audit may not always detect these limitations.

FINDINGS AND RECOMMENDATIONS

ASSET FORFEITURE (AF) PROGRAM

FINDING 1: **The command did not perform annual AF training.**

Condition: In 2008, the command did not perform annual AF training for supervisors, officers, and affected nonuniformed personnel. The Area commander indicated annual Area AF training will be performed in 2009.

Criteria: Health and Safety Code Section 11469(e) states, "Seizing agencies shall implement training for officers assigned to forfeiture programs, which training should be ongoing."

Highway Patrol Manual (HPM) 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraph 21.b. states:

"b. Area AFCs shall provide training for Area supervisors, officers, and affected non-uniformed personnel at least once a year. Area AFCs shall ensure officers are made aware of local MOUs with allied agencies/NTFs regarding turnover of arrests for controlled substance violations and are familiar with the legal requirements and departmental policies/procedures related to the seizure of assets."

Recommendation: The command should comply with the departmental policy related to annual AF training.

FINDING 2: **The command did not appoint a uniformed supervisor as the AF Coordinator (AFC) of the command.**

Condition: An officer, instead of a uniformed supervisor, was appointed as the Area AFC. The command took corrective action immediately upon notification. An updated memorandum of the appointment was issued by the Area commander on June 19, 2009.

Criteria: HPM 81.5, Drug Programs Manual, Chapter 2, Asset Forfeiture Program, paragraph 9.a. states:

"a. The Area AFC is the Area level liaison for the AFP. Area AFCs shall be uniformed supervisors and should be available during normal business hours. At the commander's discretion, Area AFCs may delegate tasks to an officer; however, the appointed uniformed supervisor is ultimately responsible for ensuring the duties of the Area AFC are accomplished."

Recommendation: The command should appoint a uniformed supervisor as the AFC in accordance with the departmental policy.

DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY PROGRAM

FINDING 1: **The billable hours recorded on the CHP 735, Incident Response Reimbursement Statement, form did not always reconcile to the hours recorded on the CHP 415, Daily Field Record, forms.**

Condition: From a population of 91 CHP 735 billing packages, 47 packages were tested. In eight (17 percent) of the packages tested, the number of staff hours recorded on the CHP 735 form did not reconcile to the supporting CHP 415 forms.

Criteria: Government Code (GC) Section 13403 (a)(3), (4), and (6) articulate the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4.e. states,

“e. Recording Total Staff Hours. Record the total number of staff hours involved in the incident response.”

“(2) Record the number of staff hours involved in the incident response.”

“(c) The number of staff hours charged on the CHP 735, Incident Response Reimbursement Statement, must agree with the appropriate CHP 415, Daily Field Record. Area offices must be able to verify the hours claimed on the CHP 735, Incident Response Reimbursement Statement, when offenders challenge the hours billed. If an Area office cannot substantiate the hours billed, the Department cannot recover incident costs. In order to reconcile the hours, please ensure the following information is included:

1 Offender’s name and court case number shall be included on the CHP 415, Daily Field Record.

2 When time recorded under a specific category (e.g., Accident Investigation, Partner Assist,

Response Time) on the CHP 415, Daily Field Record, includes more than one activity, indicate the billable DUI time in the Notes portion on the CHP 415, Daily Field Record.”

Recommendation: The command should reconcile billable hours recorded on the CHP 735 forms to the hours recorded on the CHP 415 forms to comply with the departmental policy for the DUI Cost Recovery Program.

FINDING 2: **The command did not always prepare CHP 415 forms properly for the DUI Cost Recovery Program.**

Condition: From a population of 91 CHP 735 billing packages, 47 packages were tested. In 36 (77 percent) of the packages, the CHP 415 forms did not always contain the defendant’s name, court case information, and billable DUI time.

Criteria: GC Section 13403 (a)(3), (4), and (6) articulate the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4 e.(2)(c) states:

“e. Recording Total Staff Hours. Record the total number of staff hours involved in the incident response.”

“(2) Record the number of staff hours involved in the incident response.”

“(c) The number of staff hours charged on the CHP 735, Incident Response Reimbursement Statement, must agree with the appropriate CHP 415, Daily Field Record. Area offices must be able to verify the hours claimed on the CHP 735, Incident Response Reimbursement Statement, when offenders challenge the hours billed. If an Area office cannot substantiate the hours billed, the Department cannot recover incident costs. In order to reconcile the hours, please ensure the following information is included:

1 Offender’s name and court case number shall be included on the CHP 415, Daily Field Record.

2 When time recorded under a specific category (e.g., Accident Investigation, Partner Assist, Response Time) on the CHP 415, Daily Field Record, includes more than one activity, indicate the billable DUI time in the Notes portion on the CHP 415, Daily Field Record.”

Recommendation: The command should prepare CHP 415 forms properly to comply with the departmental policy for the DUI Cost Recovery Program.

FINDING 3: **The command did not always accurately complete DUI Cost Recovery Program documents.**

Condition: From a population of 91 CHP 735 billing packages, 47 packages were tested.

- In 22 (47 percent) of the 47 packages tested, the CHP 735 forms did not contain either the Blood Alcohol Concentration (BAC) Results Received Date or Date to Fiscal Management Section (FMS).
- In 14 (30 percent) of the 47 packages tested, an outdated hourly billing rate was used on the CHP 735 forms.

Criteria: GC Section 13403 (a)(3), (4), and (6) articulate the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4.b.(1) states,

“(1) Completed CHP 735s, Incident Response Reimbursement Statements, based on Section A (refer to Annex B) shall be forwarded to Fiscal Management Section (FMS), Reimbursable Services Unit, within ten business days of one of the following dates:

- (a) The date BAC results of .08% or greater are received.
- (b) The date BAC results of .04% or greater are received for a commercial driver.”

Highway Patrol Comm-Net message dated November 19, 2008, states,

“11-18-08

ALL COMMANDERS

SUBJECT: 2008/09 HOURLY OVERTIME REIMBURSABLE RATES
AND DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY
RATES

EFFECTIVE IMMEDIATELY, THE FOLLOWING REIMBURSABLE
BILLING RATES ARE TO BE USED WHEN NEGOTIATING ANY
NEW 2008/09 REIMBURSABLE SERVICES CONTRACTS:

OFFICER	\$83.98
MOTORCYCLE OFFICER	\$86.88
SERGEANT	\$102.04
MOTORCYCLE SERGEANT	\$105.58

THE MILEAGE BILLING RATES ARE \$.70 PER VEHICLE MILE
AND \$.96 PER MOTORCYCLE MILE. EACH COMMAND WILL BE
RESPONSIBLE FOR NOTIFYING THE INDIVIDUAL REQUESTORS
OF ANY INCREASES OR CHANGES. THE CURRENT BILLING
RATE FOR THE DUI COST RECOVERY PROGRAM HAS ALSO
CHANGED; FOR ARREST DATES OF NOVEMBER 1, 2008, AND
AFTER, THE BILLING RATE IS \$84.00 PER HOUR.”

Recommendation: The command should ensure the CHP 735 and CHP 415 forms are
recorded completely and accurately.

FINDING 4: **The command did not always forward the CHP 735 forms to FMS in
a timely manner.**

Condition: From a population of 91 CHP 735 billing packages, 47 packages were
tested. In 12 (26 percent) of the packages tested, the CHP 735 forms were
not forwarded to FMS in a timely manner (10 days). A delay of 17-56
days was observed.

Criteria: GC Section 13403 (a)(3), (4), and (6) articulate the elements of a
satisfactory system of internal accounting and administrative control, shall
include, but are not limited to the following: A system of authorization
and recordkeeping procedures adequate to provide effective accounting
control over assets, liabilities, revenues, and expenditures; an established
system of practices to be followed in performance of duties and functions
in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost
Recovery Program, paragraph 4.b. states:

“b. Completion of CHP 735, Incident Response Reimbursement Statement. The cost recovery criterion is separated into two separate sections on the CHP 735, Incident Response Reimbursement Statement: Section A or Section B. Section A shall be completed when the billing is based on arrest. Section B shall be completed when the billing is based on conviction. Forward only those forms which meet ALL the criteria in either Section A or Section B; only one section shall be completed per case.

(1) Completed CHP 735s, Incident Response Reimbursement Statements, based on Section A (refer to Annex B) shall be forwarded to Fiscal Management Section (FMS), Reimbursable Services Unit, within ten business days of one of the following dates:

(a) The date BAC results of .08% or greater are received.

(b) The date BAC results of .04% or greater are received for a commercial driver.

(2) Completed CHP 735s, Incident Response Reimbursement Statements, based on Section B (refer to Annex C) shall be forwarded to FMS, Reimbursable Services Unit, within ten business days of the notification of a conviction of CVC Sections 23152, 23153, or greater offense as a result of one of the following:

(a) In the case of a refusal.

(b) An arrest for drugs only.

(c) A BAC of less than .08%.”

Recommendation: The command should forward the CHP 735 forms to FMS in a timely manner to comply with the departmental policy for the DUI Cost Recovery Program.

FINDING 5: **The command did not reconcile the quarterly DUI Cost Recovery report received from FMS to their CHP 735 forms.**

Condition: There was no documented evidence indicating the command reconciled the DUI Cost Recovery report received from FMS on a quarterly basis to assist the command in monitoring and timely submission of the CHP 735 forms.

Criteria: GC Section 13403 (a)(3), (4), and (6) articulate the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established

system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 8 states:

“8. QUARTERLY REPORTS. Fiscal Management Section will send quarterly reports to field commands. These reports are designed to assist in the monitoring and timely submission of the command’s CHP 735, Incident Response Reimbursement Statement, forms. The report notes the date of arrest or conviction, the date the CHP 735, Incident Response Reimbursement Statement, was received in FMS and the billed date. It also provides the number of days between the arrest or conviction date and date the CHP 735, Incident Response Reimbursement Statement, was received in FMS. Field commands are responsible for ensuring the CHP 735, Incident Response Reimbursement Statement, is submitted in accordance with Paragraphs 3 and 4 of this chapter.”

Recommendation: The command should reconcile the DUI Cost Recovery report received from FMS on a quarterly basis to the CHP 735 forms to comply with the departmental policy for the DUI Cost Recovery Program.

CONCLUSION

Based on the review of the operation of the Altadena Area, this audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

ANNEX

A

Memorandum

Date: September 8, 2010

To: Office of Inspections, Audits Unit

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Southern Division

File No.: 501.10907.16019

Subject: DRAFT 2009 COMMAND AUDIT REPORT - AUDIT RESPONSE
ALTADENA AREA

Attached is the response to the Altadena command evidence audit report for Driving Under the Influence Cost Recovery and Asset Forfeiture Programs. Southern Division concurs with the findings from Captain Dance and is satisfied with the response.

If there are any questions regarding this information, please contact Captain Dance at (626) 296-8100.


S. C. BEEUWSAERT, Chief

Attachments:

cc: Altadena Area



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ANNEX

B

M e m o r a n d u m

Date: September 7, 2010

To: Southern Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Altadena Area

File No.: 575.13125

Subject: DRAFT 2009 COMMAND AUDIT REPORT RESPONSE

The following is in response to the draft audit report of the Altadena Area which was conducted on April 13 – 17, 2009. Each of the corrective measures were put in place immediately following the April 2009 audit.

Asset Forfeiture (AF) Program

Finding 1: (Agree) - The command did not perform annual AF training.

Corrective Measure- The command conducted AF training on September 8 and 23, 2009, and will continue to conduct annual AF training. AF training will be conducted in October 2010.

Finding 2: (Agree) - The command did not appoint a uniformed supervisor as the command's AF Coordinator (AFC).

Corrective Measure- The command appointed Sergeant Shann Setter, #16306, as the AFC.

DUI Cost Recovery

Finding 1: (Agree) – The billable hours recorded on the CHP 735, Incident Response Reimbursement Statement, form did not always reconcile to the hours recorded on the CHP 415, Daily Field Record, forms.

Corrective Measure- The Altadena Area has briefed on the need to have CHP 415s attached to each CHP 735 and to ensure proper notes are taken on each CHP 415. Officer Bender, #18012, briefed this information at the Area Training Days (September 8 and 23, 2009). Sergeants will be requested to ensure that a CHP 735 exists with the report and the hours billed are accounted for on the attached CHP 415s. As a second level of review will be Officer Bender will review each CHP 415 as it relates to the CHP 735. If there is

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a time discrepancy, the CHP 735 / CHP 415 will be returned to the investigating officer for correction.

Finding 2: (Agree) - The command did not always prepare CHP 415, Daily Field Record, forms properly for the DUI Cost Recovery Program.

Corrective Measure- The Altadena Area will be trained at the next Area Training Days (September 8 & 23) to itemize their time billed on the CHP 735 in the notes section of the CHP 415. In addition, the name and case number will be included in the notes section. Officer Bender has prepared a sample CHP 415 to illustrate the proper notations required. This sample is posted in the debriefing room. In addition, officers will be asked to provide any CHP 415 which may include report writing time from a previous day's arrest.

Field Training Officers (FTOs) will be requested to itemize their DUI time as it relates to their trainee's DUI arrest. Sergeant Lynch, #13168, (Altadena FTEP Coordinator) has advised the FTOs of this information and will also discuss it at the next FTEP meeting.

Finding 3: (Agree) – The command did not always accurately complete DUI Cost Recovery Program documents.

Corrective Measure- The Command will ensure CHP 735s contain either the Blood Alcohol Concentration (BAC) Results Received Date or Date to Fiscal Management Section (FMS). Also, the current hourly rates to be billed on each CHP 735 will be used.

Finding 4: (Agree) – The command did not always forward CHP 735s to FMS in a timely manner.

Corrective Measure- Rather than officers attaching the CHP 735 with the collision/arrest report, they will leave them in a clearly marked box in the Altadena de-briefing room. This will ensure the CHP 735s can meet the 10 day requirement and will not be delayed if the report is not completed.

Finding 5: (Agree) – The command did not reconcile the quarterly DUI Cost Recovery report received from FMS to their CHP 735s.

Corrective Measure- The Administrative Sergeant will reconcile the DUI Cost Recovery report from FMS on a quarterly basis with the CHP 735s.



W. A. DANCE, Captain
Commander